

Message Text

UNCLASSIFIED

PAGE 01 KUALA 00508 211022Z
ACTION EB-07

INFO OCT-01 EA-09 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04
ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 /094 W
-----211141Z 125617 /23-12

R 210752Z JAN 77
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 5975

UNCLAS KUALA LUMPUR 0508

E.O. 11652: N/A
TAGS: ETRD, MY
SUBJECT: USITC INVESTIGATION OF PROBABLE ECONOMIC EFFECT OF
MODIFYING U.S. TARIFF TREATMENT OF HIGH PRECISION WATCHES AND
THE NEED TO PROTECT A DOMESTIC INDUSTRY.

REF: STATE 263360

AS REQUESTED, THE EMBASSY HAS INVESTIGATED AND PREPARED THE FOLLOWING
REPLY (KEYED TO THE QUESTIONS IN REFTEL) ON USITC WATCH INVESTIGATION
M

1. FOLLOWING TABLE GIVES QUANTITY (WHERE AVAILABLE) AND VALUE OF
WATCH PRODUCTS EXPORTED TO U.S. FROM MALAYSIA, FOR 1974-1975 (NONE WERE

MANUFACTURED PRIOR TO 1974). STATISTICS FOR 1976 HAVE NOT BEEN
PUBLISHED BY GOM STATISTICAL DEPARTMENT.

EXPORTS TO U.S.A. FROM MALAYSIA OF WATCH PRODUCTS					
1974			1975		
SITC	QUANTITY	VALUE \$FOB	QUANTITY	VALUE \$FOB	
	(UNITS)	(UNITS)			

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 KUALA 00508 211022Z

86411100
WRIST WATCHES - - 89298 U.S. \$587,282

86411900
POCKET & OTHER
WATCHES INCL.
STOPWATCHES - - 19276 U.S. \$ 88,716

	1974	1975		
SITC	QUANTITY	VALUE \$FOB	QUANTITY	VALUE \$FOB
(UNITS)	(UNITS)			

8641200

CLOCKS WITH

WATCH MOVEMENTS - - 249 U.S. \$ 4006

86414000

WATCH CASES AND

PARTS INCL.

BLANKS - - N/A U.S. \$ 976

86429100

PARTS OF CLOCKS

AND WATCHES INCL.

WATCH MOVEMENTS - - N/A U.S. \$299,039

86429900

OTHER PARTS AND

WATCHES INCL.

CLOCK MOVEMENTS - U.S. \$226 N/A U.S. \$ 69,963

THE INDUSTRY TO ASSEMBLE/MANUFACTURE ELECTRONIC WATCHES WAS
STARTED IN 1975. NO FIRM MANUFACTURES CONVENTIONAL WATCHES
IN MALAYSIA.

2. STATISTICS FOR TSUS ITEM 806.30 AND 807.00 ARE NOT KEPT
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 KUALA 00508 211022Z

BY GOM.

3. THE FOLLOWING FOUR COMPANIES MANUFACTURES ELECTRONIC WATCH
COMPONENTS IN MALAYSIA: LITRONIX (U.S.A.); INTEL (U.S.A.);
PIERRE-REMY (A JOINT VENTURE BETWEEN AN AMERICAN AND A
MALAYSIAN FIRM); AND ACCURON, A MALAYSIAN FIRM.
LITRONIX AND INTEL ARE SITUATED IN A FREE TRADE ZONE IN PENANG.
THEY MANUFACTURE ELECTRONIC PRODUCTS, INCLUDING ELECTRONIC
WATCHES AND MODULES. THESE TWO COMPANIES OBTAIN RAW MATERIALS
AND COMPONENTS FOR WATCHES FROM U.S.
EQUIPMENT OR MACHINES EMPLOYED IN THE MANUFACTURING PROCESS
ARE ALSO IMPORTED FROM U.S. FINISHED PRODUCTS ARE SHIPPED
BACK TO U.S.A.
PIERRE-REMY, SITUATED IN INDUSTRIAL ZONE IN SEREMBAN, ALSO
PRESENTLY MANUFACTURES MODULES FOR ELECTRONIC WATCHES.
RAW MATERIALS, COMPONENTS AS WELL AS MACHINES EMPLOYED IN
THE MANUFACTURING PROCESS COME FROM U.S. ABOUT 70 PERCENT
OF MODULES MANUFACTURED ARE MARKETED IN U.S.
ACCURON IS SMALL, LOCAL COMPANY. THEY ASSEMBLE ELECTRONIC

WATCHES BY USING CASINGS AND MODULES MANUFACTURED BY OTHERS.
THEY OBTAIN MODULES FROM U.S. MANUFACTURERS IN MALAYSIA,
AND CASINGS FROM HONG KONG.
MALAYSIAS WATCH INDUSTRY IS CAPITAL INTENSIVE. THE SIZE
OF THE INDUSTRY IS SMALL-MALAYSIA'S EXPORTS AND REEXPORTS
OF ALL TYPES OF WRIST WATCHES FOR THE YEAR 1975 ONLY
AMOUNTED TO U.S. \$821,461.

4. TECHNOLOGICAL DEVELOPMENTS OR CHANGES IN PRODUCTS
AND MANUFACTURING PROCESSES ARE ADOPTED FROM TECHNOLOGY
AND CHANGES DEVELOPED IN U.S.A.

5. IMPORTED WATCHES ARE SUBJECTED TO 15 PERCENT AD VAL
DUTY, PLUS 5 PERCENT SALES TAX AND 5 PERCENT SURTAX.

6. AVERAGE HOURLY WAGES TO PRODUCTION WORKERS (INCLUDING
FRINGE BENEFITS) ARE ABOUT U.S. \$0.25.
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 KUALA 00508 211022Z

7. ACCORDING TO AN AMERICAN FIRM IN THE INDUSTRY, DEMAND
IS SLACK AND SALES HAVE SLUMPED.
ACCORDING TO ACCURON, MALAYSIA'S DOMESTIC WATCH INDUSTRY
IS NOT DOING WELL.
MORE THAN 70 PERCENT OF ELECTRONIC WATCHES MANUFACTURED
IN THIS COUNTRY ARE EXPORTED TO U.S.A. LOCAL MARKET FOR
ELECTRONIC WATCHES IS VERY SMALL AND DIFFICULT TO
PENETRATE. PROFITABILITY/SURVIVAL OF INDUSTRY DEPENDS
VERY MUCH ON EXPORTS.
DILLON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTIGATIONS, TARIFFS, WATCHES, EXPORT DATA
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KUALA00508
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770022-1106
Format: TEL
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770130/aaaabage.tel
Line Count: 150
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c10b61d3-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 263360
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 16-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3540558
Secure: OPEN
Status: NATIVE
Subject: USITC INVESTIGATION OF PROBABLE ECONOMIC EFFECT OF MODIFYING U.S. TARIFF TREATMENT OF HIGH PRECISION WATCHES AND THE NEED TO PROTECT A DOMESTIC INDUSTRY.
TAGS: ETRD, MY, US
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/c10b61d3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009